

Amendments to House Bill No. 2
Committee Study Bill Copy

Requested by Representative Jon Sesso

For the House Appropriations Committee

Prepared by Pamela Joehler
March 3, 2009 (3:29pm)

1. Page A-10, line 10.

Strike: "3,578,758" [state special fund FY10]

Insert: "3,608,758" [state special fund FY10]

Strike: "8,861,722" [federal special fund FY10]

Insert: "8,831,722" [federal special fund FY10]

2. Page A-11.

Following: line 3

Insert: "If House Bill No. 171 is not passed and approved, the appropriation in [Business Standards Division] is increased \$41,081 state special revenue in fiscal year 2010 and \$41,081 state special revenue in fiscal year 2011."

3. Page B-1, line 12.

Strike: "2,506,672 2,506,542" [state special fund FY10 and FY11]

Insert: "2,507,540 2,507,539" [state special fund FY10 and FY11]

Strike: "27,678,014 28,660,049" [federal special fund FY10 and FY11]

Insert: "27,677,146 28,659,052" [federal special fund FY10 and FY11]

4. Page C-6, line 2.

Strike: "Transportation Planning Division (50) (Biennial)"

Insert: "Rail, Transit, and Planning Division (50) (Biennial)"

5. Page C-9, line 4.

Strike: "90,911 -31,211" [general fund FY10 and FY11]

Insert: "122,110 0" [general fund FY10 and FY11]

6. Page C-10, line 1.

Following: "Reserved Water Rights Compact Commission"

Insert: "(OTO)"

7. Page C-11, line 21.

Strike: "643,198 643,612" [general fund FY10 and FY11]

Insert: "309,698 310,112" [general fund FY10 and FY11]

8. Page C-12.

Following: line 1

Insert: "b. Invasive Species Council (Biennial/OTO) 333,500
333,500" [general fund FY10 and FY11]

9. Page D-5, line 22.

Strike: "58,466,291 61,936,476" [general fund FY10 and FY11]

Insert: "58,397,980 61,799,854" [general fund FY10 and FY11]

10. Page D-6, line 4.

Strike: "73,022,840 74,552,221" [general fund FY10 and FY11]

Insert: "73,091,151 74,688,843" [general fund FY10 and FY11]

11. Page E-2, line 18.

Following: "million"

Insert: "per year"

12. Page E-3, line 22.

Strike: "-9,163" [federal special fund FY10]

Insert: "0" [federal special fund FY10]

13. Page E-4, line 4.

Strike: "600,838" [federal special fund FY10]

Insert: "591,675" [federal special fund FY10]

14. Page E-7, line 21.

Following: "Items"

Strike: "designed"

Insert: "designated"

- END -

Explanation - Amendment #1 corrects a budgeting error in the

Department of Labor.

Amendment #2 increases the state special revenue appropriation in the Business Standards Division of the Department of Labor by \$41,081 each year of the 2011 biennium (\$82,162 for the biennium) if HB 171 fails. (HB 171 sunsets the Athletics Licensing Program.)

Amendment #3 corrects fuel reduction adjustment from state special revenue to federal funds for the Child and Family Services Division in the Department of Public Health and Human Services.

Amendment #4 corrects the name of the division in the bill.

Amendment #5 corrects an error in line item entry (Dept. of Natural Resources, Centralized Services).

Amendment #6 conditions the budget for the Reserved Water Rights Compact Commission as one-time-only as passed by the subcommittee.

Amendments #7 and #8 conditions the appropriation for the Invasive Species Council within the Department of Agriculture as biennial and one-time-only as passed by the subcommittee.

Amendments #9 and #10 move general fund of \$68,311 in FY 2010 and \$136,622 in FY 2011 (\$204,933 for the biennium) supporting provider rate increases from Community Corrections to Secure Facilities to properly allocate funding between programs.

Amendment #11 clarifies that the language appropriation for the traffic education account in the Office of Public Instruction is \$1.1 million per year.

Amendments #12 & #13 correct a negative appropriation in the base funding for the Montana Arts Council.

Amendment #14 corrects a grammatical error in the lump sum appropriation language for the Montana University System.

The Federal Communications Commission (FCC) through its Rural Healthcare Pilot Program, recently awarded \$1,957,652 to the Frontier Access to Healthcare in Rural Montana (FAhRM), a collaborative partnership of Montana Healthcare Organizations for the development of a statewide telehealth infrastructure. The FAhRM project will be implemented by the Montana Health Research and Education Foundation (MHREF) and The Montana Healthcare Telecommunications Alliance (MHTA). The funding will allow the consortium to develop a statewide infrastructure (or "backbone") to connect all hospitals, mental health centers and community health centers through a secure, dedicated broadband healthcare network. The MHREF will provide operational management of the statewide project and MHTA, comprised of representatives and stakeholders of Montana's existing telehealth networks, will provide the advisory oversight of the statewide project.

The FCC funding is contingent on securing 15% matching funds as well as funding for administrative and personnel costs which are not covered under the FCC award. **A grant of \$500,000 would enable the consortium to meet the required cash match of \$300,000 as well as assist in covering administrative and personnel costs over the three-year project.** We are also seeking private funding to reach an overall project goal of \$2.8 M. Because the source of the FCC award is considered fee-based revenue, other federal and state dollars can be used to meet the match requirements.

The FCC pilot program will provide 85% of the costs associated with the construction of a state or regional broadband network. The FAhRM project will create an information "super highway" that will enable multiple applications such as telemedicine, radiology, electronic health records and other data services. It will also position all healthcare entities for the development of future applications as the Federal initiative to increase the use, availability and exchange of electronic health information expands to all corners of our rural and frontier state. This project is designed to enable small clinics and hospitals in remote areas to generate electronic health records, provide consultations with specialty physicians and improve overall quality of health care services.

Implementation of this new network will enable multiple applications to run over the network simultaneously. It will also position communities such as Ekalaka and Terry in the vast plains of eastern Montana and Philipsburg, Superior and Libby in the western mountains to participate in high definition videoconferencing and provide specialty consults to patients via televideo links with larger urban facilities. The development of future healthcare applications and regional telecommunications networks will also be greatly enhanced. Patients of physician clinics, hospitals and other health care facilities in remote parts of Montana will be the primary beneficiaries of these services.

FAhRM is a three year project which has already started. Currently (in the project's first year), a network design study is being conducted to develop the most cost effective, scalable and reliable network that will support the exchange of telehealth applications for all Montana communities. Years two and three of the project will be dedicated to the implementation of the infrastructure identified through the design study. For the initial phase of the project, the 15% match has already been committed by the Foundations of Benefis Healthcare in Great Falls, Billings Clinic in Billings, Bozeman Deaconess Hospital in Bozeman, Community Medical Center in Missoula, Kalispell Regional Medical Center in Kalispell, St. Patrick Hospital in Missoula and St. Vincent Healthcare in Billings.

Should you require additional information, please feel free to contact Joan Miles, Director of MHREF at phone (406) 457-8015, or email joan@mtha.org or Jack King, President of MHTA at phone (406) 455-4285 or email kingjacw@benefis.org.



AN ASSOCIATION OF
MONTANA HEALTH
CARE PROVIDERS

EXHIBIT 1
DATE 3/4/09
HB 2

One Time Medicaid Funding for Hospitals and Other Providers

With the advent of federal stimulus dollars and enhanced federal matching funds for Medicaid the state legislature faces a difficult challenge to maintain current services and provide one-time funding for hospitals and other medical providers. The hospital and clinic base budget is approximately \$440 million over the next two years. Enhanced FMAP will apply to a portion of the upcoming biennium, but due to retroactive application already provides considerable general fund savings for Montana Medicaid. Those general fund savings should boost Montana's ending fund balance to begin this biennium.

MHA recommends that the Appropriations Committee act to:

- Protect the base general and state special revenue budget. MHA is concerned that the base budget not fall short in the upcoming biennium, making restoration of base funding more difficult in future years. Legislators need to act to free up general fund dollars for stimulus spending. But the enhanced FMAP is temporary, and future legislatures should not be placed in the position of difficult reductions if general funds fall short of current needs.
- Provide one-time add-on funding for Montana's prospective payment system hospital rules. Montana's critical access hospitals are paid based upon their costs. Additional one-time funding for PPS hospitals can be accomplished with an "add-on" payment for the DRG or APC payment. The add-on should be limited to hospitals located within Montana's borders.
 - Montana Medicaid pays critical access hospitals at 101% of their costs. The funding needs for these small, rural hospitals are included in the base budget. Enhanced FMAP will free up dollars for other uses.
 - Montana Medicaid pays hospitals located out-of-state about \$10 million per year. There is no reason to send Montana's stimulus dollars to out-of-state facilities. Enhanced FMAP for these expenditures could be freed up for other uses.
 - Montana enacted a statute to pay physicians on a fee schedule that will eventually climb to match commercial rates. Enhanced FMAP for these expenditures could be freed up for other uses.
- Adjust the federal match funds that apply to the hospital utilization fee to reflect temporarily increased federal funds. Some argue that the enhanced FMAP for Medicaid creates a windfall for Montana hospitals. But not all of the federal funds within the hospital utilization fee program qualify for enhanced match.

- Montana receives a block grant of funds commonly referred to as disproportionate share hospital funds, or “DSH”. DSH funds do not qualify for enhanced FMAP. DSH funds accounted for \$10 million of the \$41 million of federal funds matched by the hospital fee this year.
 - The retroactive application of enhanced FMAP and a 2.5% boost in DSH means that Montana will have additional federal funds due to the HUF program in FY 09. Those dollars, if they are not paid out to hospitals, could remain in the state special revenue account, and be “banked” for future use.
 - During the future time period that the stimulus bill provides enhanced match time just one payment will be made to the hospitals using HUF funds. The stimulus package provides a second 2.5% increase in DSH funds for Montana. The HUF is expected to match those federal funds.
 - The HUF program is expected to grow next year due to a small increase in the fee charged to hospitals. This increase, together with enhanced FMAP and DSH, may exceed the upper limit for Medicaid payments. If this occurs, the extra funds could be retained in the state special revenue account. That is, they could be banked for future use.
- Provide one-time funding for capital equipment purchases or minor remodeling projects for critical access hospitals. Nearly every hospital in Montana, especially rural Montana, has more capital needs than can be budgeted. Grants for capital equipment up to \$100,000 meet the Congressional intent to provide a quick economic stimulus through local hospital purchases. One time funding meets the goal for economic stimulus. Directing the funds to Montana’s rural hospitals addresses a need for funding capital projects at hospitals that have the lowest capital budgets and stimulates Montana’s rural communities.
 - The FCC has awarded a nearly \$2 million Frontier Access to Healthcare Pilot Program. This program is a collaborative among a wide group of health care and information technology groups. The project will create a superhighway to connect hospitals, mental health centers and community health centers through a secure, dedicated broadband healthcare network. The project requires a \$500,000 matching grant. This project qualifies for federal matching funds.

Other Medicaid programs should also be funded at levels that keep the enhanced federal match in DPHHS medical programs. MHA recommends that nursing homes, home health and other in-home providers receive payment rate add-on amounts that match the time period for enhanced match. Nursing facilities, like hospitals, could also benefit from one-time capital grant funds. Finally, MHA recommends that legislators allow the patient contribution portion of the nursing facility rates to pass through to the facility. The additional funds are minor, but are not subject to a reduction in the following years. The added funds will supply an ongoing source of funding for the facility.